

**Instructions:**

Professional auditing standards require auditors to contact members of the governing body that were active during the period covered by the audit regarding their knowledge of risks, specifically the risk of fraud. The following questions help us obtain an understanding of the entity and your role as a member of that governing body during that fiscal year.

Please answer the following questions to the best of your knowledge and expand on your responses whenever possible. If you would feel more comfortable speaking with us on the phone or would prefer an electronic copy we can be reached via the following means:

Anna Bass	Email: <a href="mailto:abass@solutionscpas.com">abass@solutionscpas.com</a>
101 NE 1 <sup>st</sup> Avenue	Office: (541) 575-2717
John Day, OR 97845	Fax: (541) 575-2718

Your assistance with our upcoming audit is greatly appreciated!

**Questionnaire:**

1. Are you aware of actual or suspected fraud affecting the entity? Fraud can be theft of assets, money, time, or the intentional misreporting of balances or activity in the financial statements.  
Yes       No       If Yes, please explain:
  
2. Auditors seldom discover fraud. Most fraud is detected from the tip of an employee (43%). An independent audit only detects about 3% of frauds. Are you aware of any allegations of fraud (e.g., received in communications from employees, former employees, consultants, regulators, or others)?  
Yes       No       If Yes, please explain:

3. The governing body is responsible for setting the organizational culture and tone at the top. You must let everyone know, from the top down, that there are policies in place, and that everyone must follow the policies. Have you communicated to management and employees the importance of a system of checks and balances to deter fraud?  
Yes       No       If Yes, please explain:
4. Please describe how the governing body sets the tone at the top and how you hold management accountable for the fraud related procedures in place? (Code of Ethics, Fraud Policy, etc.). How would an employee report a fraud?
5. If someone were to steal from the organization where would that most likely occur? If fraud through misreporting were to occur where would this most likely be found? Does the governing body ever ask management where they are most vulnerable? Does the governing body ask management what they are doing to ensure theft and fraud will not occur?
6. Have you personally, or anyone in your immediate family participated in a financial transaction with the organization during the year ended June 30, 2020?  
Yes       No       If Yes, please explain:
7. Are you aware of any such transactions between other members of the governing body or employees, or the immediate family of such during the year ended June 30, 2020?  
Yes       No       If Yes, please explain:

8. Do you have any comments or concerns regarding any part of the organization that we could incorporate into our audit (e.g., processes, technology, staffing, vendors, grants, or information provided to the governing body)?
  
9. This year has seen unprecedented changes that could have a potentially significant impact on operating activities. Please outline any changes that have been implemented specifically to address the COVID-19 pandemic and related shut downs (e.g., budget adjustments, staffing, processes over revenues, expenditures, or payroll, or how information is provided to the governing body).
  
10. If you have any other concerns or items of note, please use the space below. We urge you to let us know if there has been anything left unaddressed or items of importance we might have overlooked.

We thank you for your time!

Please return this to Solutions in the enclosed return envelope. You may also return the questionnaire via fax (541) 575-2718, or via email at [abass@solutionscpas.com](mailto:abass@solutionscpas.com).

Sincerely,

A handwritten signature in black ink that reads "Anna Bass". The signature is written in a cursive style with a large initial "A".

Anna Bass  
Solutions, CPAs PC